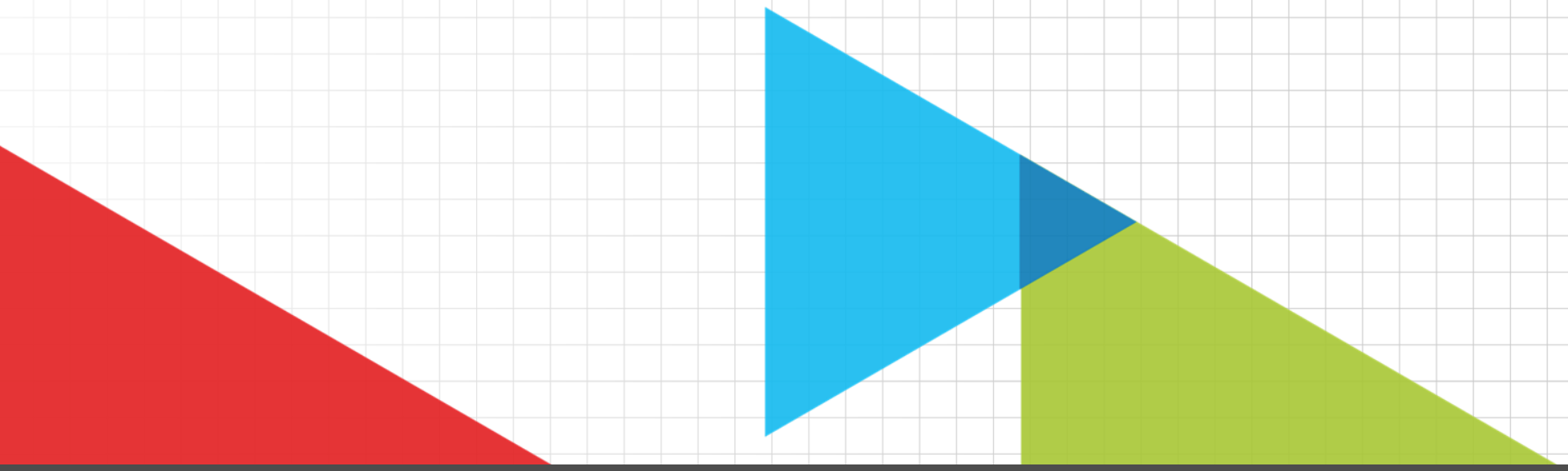


# Earnings Conference Call

Second Quarter 2017  
August 2, 2017



# Cautionary Note Regarding Forward-Looking Statements

Certain information contained in this presentation is forward-looking information based on current expectations and plans that involve risks and uncertainties. Forward-looking information includes, among other things, statements concerning ongoing settlement discussions with the Mississippi Public Service Commission ("PSC"), future actions related to Plant Vogtle Units 3 and 4, estimate completion and cancellation cost assessments for Plant Vogtle Units 3 and 4, earnings per share guidance, future dividends, financial objectives, and expected financing plans. Southern Company cautions that there are certain factors that can cause actual results to differ materially from the forward-looking information that has been provided. The reader is cautioned not to put undue reliance on this forward-looking information, which is not a guarantee of future performance and is subject to a number of uncertainties and other factors, many of which are outside the control of Southern Company and its subsidiaries; accordingly, there can be no assurance that such suggested results will be realized. The following factors, in addition to those discussed in Southern Company's and its subsidiaries' Annual Reports on Form 10-K for the year ended December 31, 2016, and subsequent securities filings, could cause actual results to differ materially from management expectations as suggested by such forward-looking information: the impact of recent and future federal and state regulatory changes, including environmental laws regulating emissions, discharges, and disposal to air, water, and land, and also changes in tax and other laws and regulations to which Southern Company and its subsidiaries are subject, including potential tax reform legislation, as well as changes in application of existing laws and regulations; current and future litigation, regulatory investigations, proceedings, or inquiries; the effects, extent, and timing of the entry of additional competition in the markets in which Southern Company's subsidiaries operate; variations in demand for electricity and natural gas, including those relating to weather, the general economy and recovery from the last recession, population and business growth (and declines), the effects of energy conservation and efficiency measures, including from the development and deployment of alternative energy sources such as self-generation and distributed generation technologies, and any potential economic impacts resulting from federal fiscal decisions; available sources and costs of natural gas and other fuels; limits on pipeline capacity; effects of inflation; the ability to control costs and avoid cost overruns during the development, construction, and operation of facilities, which include the development and construction of generating facilities with designs that have not been finalized or previously constructed, including changes in labor costs and productivity, adverse weather conditions, shortages and inconsistent quality of equipment, materials, and labor, contractor or supplier delay, non-performance under construction, operating, or other agreements, operational readiness, including specialized operator training and required site safety programs, unforeseen engineering or design problems, start-up activities (including major equipment failure and system integration), and/or operational performance (including additional costs to satisfy any operational parameters ultimately adopted by any PSC); the impact of inability or other failure of Toshiba Corporation to perform its obligations pursuant to the guarantee settlement agreement, including any effect on the construction of Plant Vogtle Units 3 and 4; the ability to construct facilities in accordance with the requirements of permits and licenses, to satisfy any environmental performance standards and the requirements of tax credits and other incentives, and to integrate facilities into the Southern Company system upon completion of construction; investment performance of the Southern Company system's employee and retiree benefit plans and nuclear decommissioning trust funds; advances in technology; ongoing renewable energy partnerships and development agreements; state and federal rate regulations and the impact of pending and future rate cases and negotiations, including rate actions relating to fuel and other cost recovery mechanisms; legal proceedings and regulatory approvals and actions related to Plant Vogtle Units 3 and 4, including Georgia PSC approvals and Nuclear Regulatory Commission actions; actions related to cost recovery for the integrated coal gasification combined cycle facility under construction in Kemper County Mississippi (the "Kemper IGCC"), including ongoing settlement discussions, Mississippi PSC review of the prudence of Kemper IGCC costs and approval of further permanent rate recovery plans, and related legal or regulatory proceedings; the ability to successfully operate the electric utilities' generating, transmission, and distribution facilities and Southern Company Gas' natural gas distribution and storage facilities and the successful performance of necessary corporate functions; the inherent risks involved in operating and constructing nuclear generating facilities, including environmental, health, regulatory, natural disaster, terrorism, and financial risks; the inherent risks involved in transporting and storing natural gas; the performance of projects undertaken by the non-utility businesses and the success of efforts to invest in and develop new opportunities; internal restructuring or other restructuring options that may be pursued; potential business strategies, including acquisitions or dispositions of assets or businesses, which cannot be assured to be completed or beneficial to Southern Company or its subsidiaries; the possibility that the anticipated benefits from the acquisition of Southern Company Gas cannot be fully realized or may take longer to realize than expected, the possibility that costs related to the integration of Southern Company and Southern Company Gas will be greater than expected, the ability to retain and hire key personnel and maintain relationships with customers, suppliers, or other business partners, and the diversion of management time on integration-related issues; the ability of counterparties of Southern Company and its subsidiaries to make payments as and when due and to perform as required; the ability to obtain new short- and long-term contracts with wholesale customers; the direct or indirect effect on the Southern Company system's business resulting from cyber intrusion or terrorist incidents and the threat of terrorist incidents; interest rate fluctuations and financial market conditions and the results of financing efforts; changes in Southern Company's and any of its subsidiaries' credit ratings, including impacts on interest rates, access to capital markets, and collateral requirements; the impacts of any sovereign financial issues, including impacts on interest rates, access to capital markets, impacts on foreign currency exchange rates, counterparty performance, and the economy in general, as well as potential impacts on the benefits of the Department of Energy loan guarantees; the ability of Southern Company's electric utilities to obtain additional generating capacity (or sell excess generating capacity) at competitive prices; catastrophic events such as fires, earthquakes, explosions, floods, tornadoes hurricanes and other storms, droughts, pandemic health events such as influenzas, or other similar occurrences; the direct or indirect effects on the Southern Company system's business resulting from incidents affecting the U.S. electric grid, natural gas pipeline infrastructure, or operation of generating or storage resources; and the effect of accounting pronouncements issued periodically by standard-setting bodies. Southern Company and its subsidiaries expressly disclaim any obligation to update any forward-looking information.

# Non-GAAP Financial Measures

*In addition to including earnings in accordance with generally accepted accounting principles (GAAP), this presentation also includes historical adjusted earnings and earnings per share (EPS) excluding: (1) estimated losses relating to Mississippi Power's integrated coal gasification combined cycle construction project in Kemper County, Mississippi (Kemper IGCC); (2) write-down of Gulf Power's ownership of Plant Scherer Unit 3 as a result of a retail rate case settlement approved by the Florida Public Service Commission; (3) costs related to the acquisition and integration of Southern Company Gas; (4) the Wholesale Gas Services business of Southern Company Gas; and (5) additional allowance for funds used during construction (AFUDC) equity as a result of extending the schedule for the Kemper IGCC.*

*The estimated losses relating to the Kemper IGCC significantly impacted the periods presented and further charges of uncertain amounts may occur in future periods in connection with the resolution of the Mississippi PSC's Kemper Settlement Docket. Further charges related to Plant Scherer Unit 3 are not expected to recur. Further costs related to the Southern Company Gas acquisition are expected to occur in connection with related integration activities; however, the amount and duration of such expenditures is uncertain.*

*Earnings for the three and six months ended June 30, 2017 include additional AFUDC equity as a result of extending the schedule for the Kemper IGCC. AFUDC equity ceased as of the project's suspension in June 2017. Southern Company's 2017 earnings guidance, initially presented in October 2016, assumed construction would be complete and AFUDC equity would cease by November 30, 2016. As a result, Southern Company believes a presentation of EPS excluding these items provides investors with information comparable to the 2017 guidance. Management also uses such measures to evaluate Southern Company's performance in 2017.*

*This presentation also includes projected adjusted EPS for future periods excluding costs for acquisitions, the Wholesale Gas Services business of Southern Company Gas, any additional estimated losses associated with the Kemper IGCC. The amount and duration of costs related to acquisitions and additional estimated losses associated with the Kemper IGCC are uncertain. Presenting earnings and EPS excluding Wholesale Gas Services provides investors with an additional measure of operating performance that excludes the volatility that results from mark-to-market and lower of weighted average cost or current market price accounting adjustments. Management uses earnings and EPS excluding these items to evaluate Southern Company's performance.*



# Southern Company Update

- Continued strong operational and adjusted financial results across our major businesses
- Kemper: Ongoing settlement discussions pursuant to the Mississippi PSC order on July 6, 2017
- Progress at the Vogtle 3&4 site continues as Georgia Power is in the final stages of forming its recommendation to the Georgia PSC
- One year following completion of the merger, Southern Company Gas continues to perform as expected



# Kemper Project Update

- Successfully demonstrated every major facet of the TRIG technology at commercial scale
- Recorded \$2.8 billion pre-tax (\$2 billion after-tax) charge in June
  - Future cancellation costs of \$100 million - \$200 million not included
- Ongoing settlement discussions pursuant to the Mississippi PSC order on July 6, 2017



# Vogtle 3&4 Construction Site Update

Work continues at the site as productivity has improved over the first half of 2017

| Project Phase            | % Complete as of May 2017 | Remaining   |
|--------------------------|---------------------------|---|
| Engineering              | 98%                       | <ul style="list-style-type: none"><li>- Finalizing electrical design from China lessons learned</li><li>- Construction improvements</li></ul> |
| Procurement              | 84%                       | <ul style="list-style-type: none"><li>- Bulk procurement</li></ul>  |
| Construction             | 44%                       | <ul style="list-style-type: none"><li>- Civil completion on Nuclear Island</li><li>- Bulk commodity installation</li></ul>                    |
| Nuclear Automation (I&C) | 84%                       | <ul style="list-style-type: none"><li>- Final plant operating system</li><li>- Cyber security</li></ul>                                       |
| Initial Test Program     | 12%                       | <ul style="list-style-type: none"><li>- On track, last stage of the project</li></ul>   |
| <b>Total Project</b>     | <b>66%</b>                |   |



# Vogtle 3&4

## Toshiba Parent Guarantee and Westinghouse Services Agreements

- Toshiba Parent Guarantee Agreement finalized in June
  - Fixes Toshiba's obligation to the project owners - whether the project is completed or not
  - \$3.68 billion, or approximately \$1.7 billion to Georgia Power
  - Monthly payments begin in October 2017
  - Continuing to monitor Toshiba financial condition
- Westinghouse Services Agreement effective July 27
  - Westinghouse will provide engineering, licensing support, procurement services, and access to intellectual property
- Control of the Vogtle 3&4 site has transitioned to Southern Nuclear (July 27)

# Vogtle 3&4 Cost and Schedule Estimates

## Georgia Power's 45.7% ownership share

### Vogtle "Go"

| Preliminary in-service dates                           | Estimated range of outcomes |          |              |
|--|-----------------------------|----------|--------------|
| Unit 3   | February 2021 - March 2022  |          |              |
| Unit 4   | February 2022 - March 2023  |          |              |
|  | <i>(in billions)</i>        |          |              |
| Preliminary estimated cost to complete                 | \$3.9                       | -        | \$4.6        |
| CWIP as of June 30, 2017                               | 4.5                         | -        | 4.5          |
| Guarantee Obligations                                  | (1.7)                       | -        | (1.7)        |
| <b>Estimated capital costs</b>                         | <b>\$6.7</b>                | <b>-</b> | <b>\$7.4</b> |
| Vogtle 2016 Cost Settlement Agreement Revised Forecast | (5.7)                       | -        | (5.7)        |
| <b>Estimated net additional capital costs</b>          | <b>\$1.0</b>                | <b>-</b> | <b>\$1.7</b> |

Note: Georgia Power's estimates for cost to complete and schedule are based on preliminary analysis and remain subject to further refinement of labor productivity and consumable and commodity quantities and costs.

Georgia Power's estimated financing costs during the construction period total approximately \$3.1 billion to \$3.5 billion, of which approximately \$1.4 billion had been incurred through June 30, 2017.

### Vogtle "No-go"

#### Preliminary Cancellation Cost Estimate

*(in billions)*

|                                       |              |
|---------------------------------------|--------------|
| CWIP as of June 30, 2017              | \$4.5        |
| Financing costs collected, net of tax | 1.4          |
| Cancellation costs*                   | 0.4          |
| <b>Total</b>                          | <b>\$6.3</b> |

\*The estimate for cancellation costs includes, but is not limited to, costs to terminate contracts for construction and other services, as well as costs to secure the Plant Vogtle Units 3 and 4 construction site.

Note: The Guarantee Obligations continue to exist in the event of cancellation. In addition, under Georgia law, prudently incurred costs related to certificated projects cancelled by the Georgia PSC are allowed recovery, including carrying costs, in future retail rates.



# Key Events and Vogtle 3&4 Next Steps

- Fuel load at Sanmen and Haiyang in China
- Recommendation to Georgia PSC later in August
- 1<sup>st</sup> Toshiba payment due in October



# 2017 Q2 Earnings Results

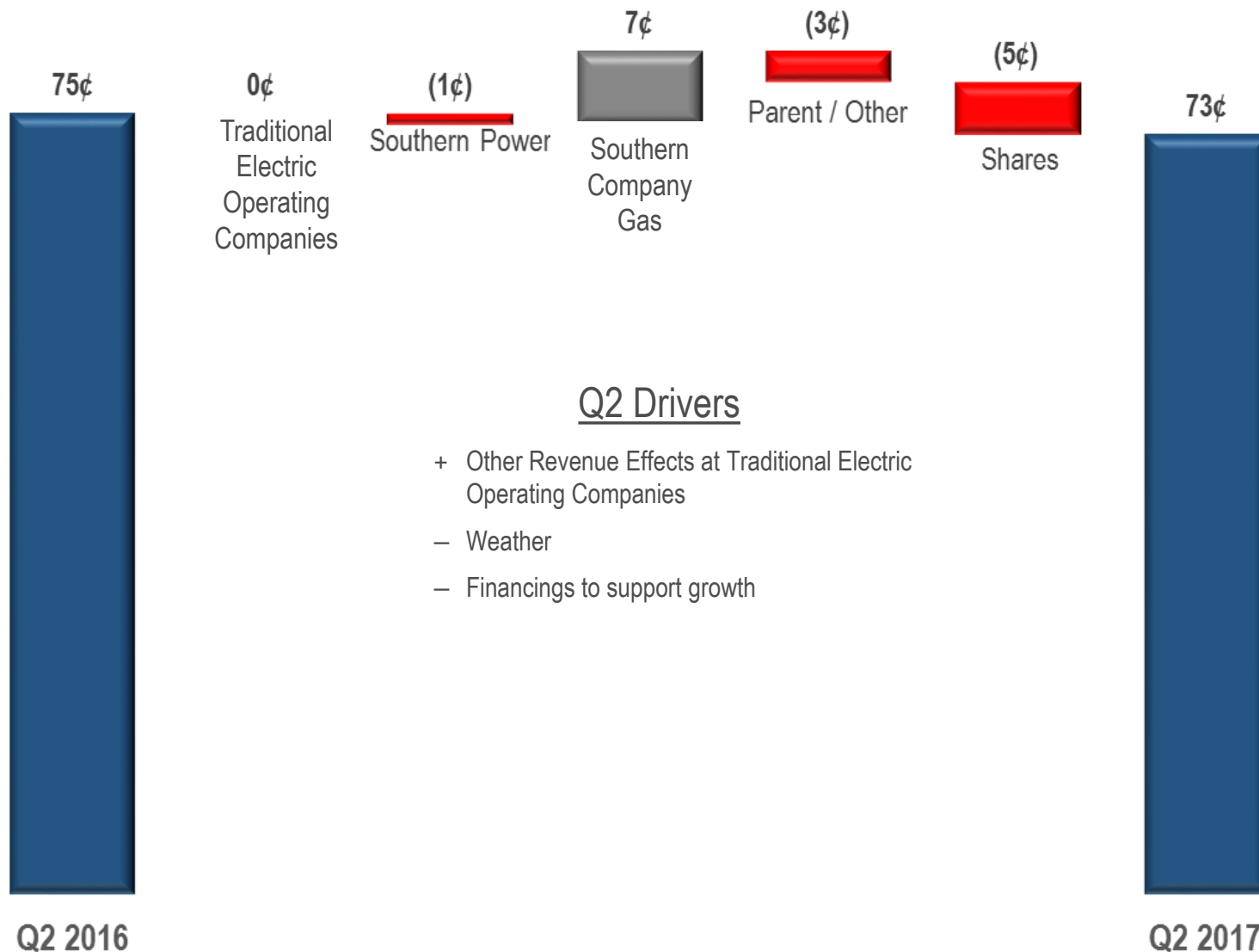
|  | Q2              |               |
|--|-----------------|---------------|
|  | 2017            | 2016          |
| <b>Earnings Per Share As Reported</b>          | <b>(\$1.38)</b> | <b>\$0.67</b> |
| Kemper IGCC Impacts <sup>1</sup>               | \$2.09          | \$0.05        |
| Acquisition and Integration costs <sup>2</sup> | -               | \$0.03        |
| Wholesale Gas Services                         | \$0.02          | -             |
| <b>Earnings Per Share Excluding Items</b>      | <b>\$0.73</b>   | <b>\$0.75</b> |

1. Kemper IGCC impacts for 2017 includes \$2.12 for the estimated losses, partially offset by \$(0.03) for additional AFUDC equity as a result of extending the schedule for the Kemper IGCC. Kemper IGCC impacts for 2016 represent estimated probable losses relating to Mississippi Power's construction of the Kemper IGCC.

2. Q2 2016 does not reflect any adjustments to exclude \$0.03 per share of acquisition debt financing costs related to the acquisition of Southern Company Gas. This item was not contemplated in Southern Company's February 2016 guidance and was excluded in previously reported Q2 2016 adjusted earnings



# Q2 2017 vs. Q2 2016 Adjusted EPS Drivers



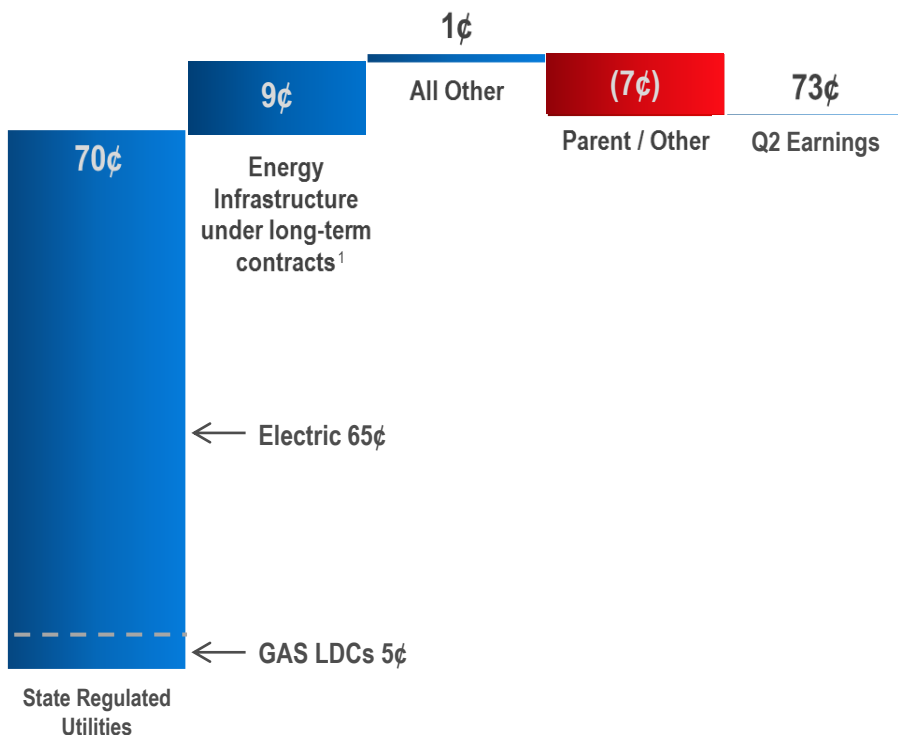
Excluding

Estimated losses associated with the Kemper IGCC project and additional AFUDC equity as a result of extending the schedule for the Kemper IGCC, acquisition and integration expenses, as well as earnings from Wholesale Gas Services

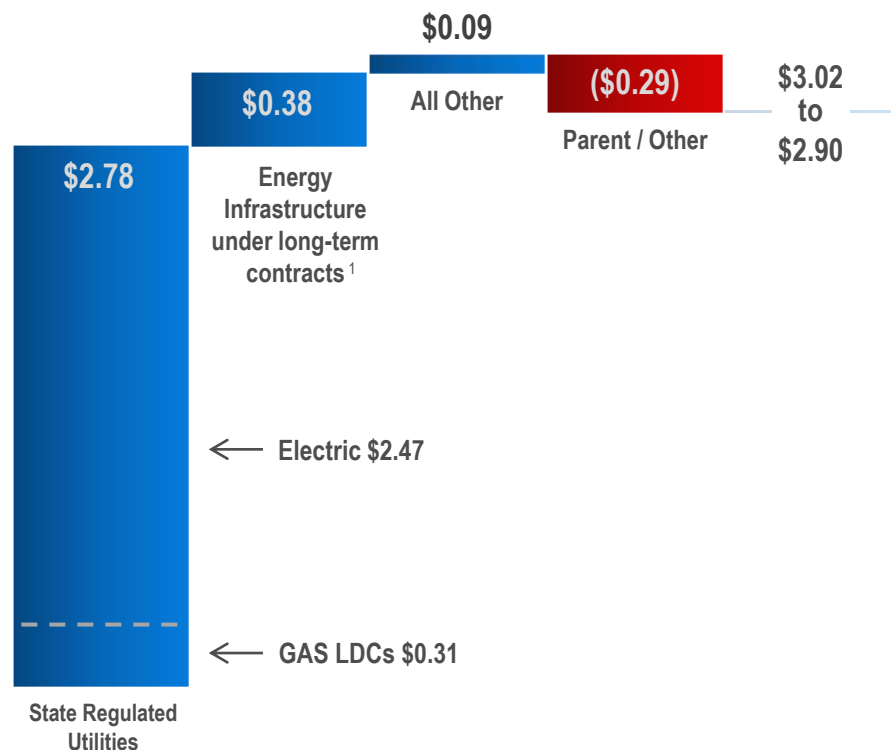


# 2017 Q2 and Projected Full Year Adjusted EPS

## 2017 Q2 Adjusted EPS



## 2017 Projected Full Year Adjusted EPS



**2017 Q3 Estimate = \$1.06 per share**

### Notes

- 2017 Q2 average shares outstanding = 996M
- Estimated average shares outstanding for Full Year 2017 = 998M
- Excludes projected merger-related expenses and earnings from Wholesale Gas Services
- Excludes any additional estimated losses associated with the Kemper County energy facility
- Full year guidance provided as of February 22, 2017

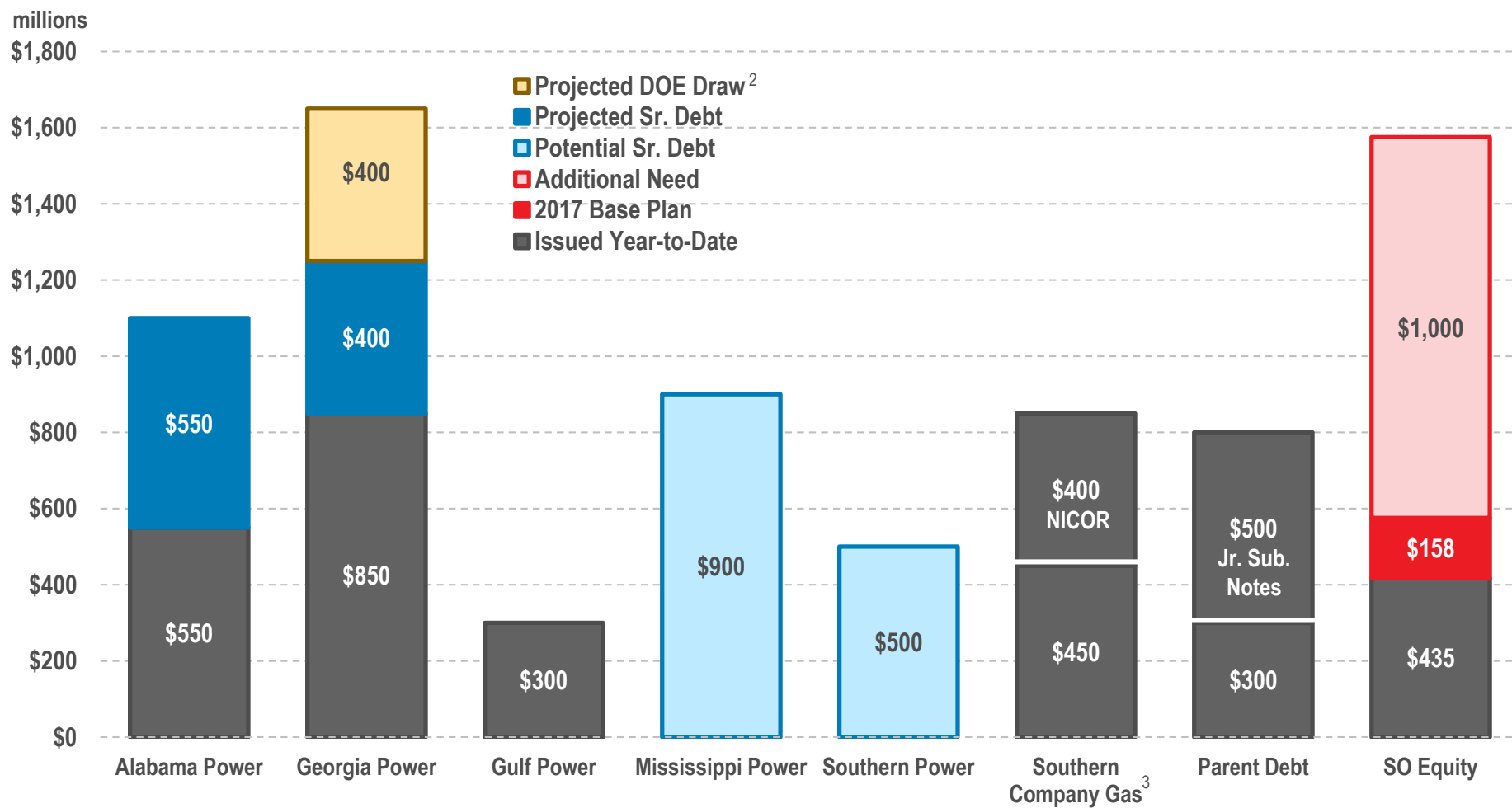
1. Includes Southern Power, interstate natural gas pipelines and company-owned distributed energy resources



# Southern Company 2017 Financings<sup>1</sup>

As of July 31, 2017

**\$3.4 billion Long-Term Debt issued Year-to-Date / Up to \$2.8 billion remaining in 2017**



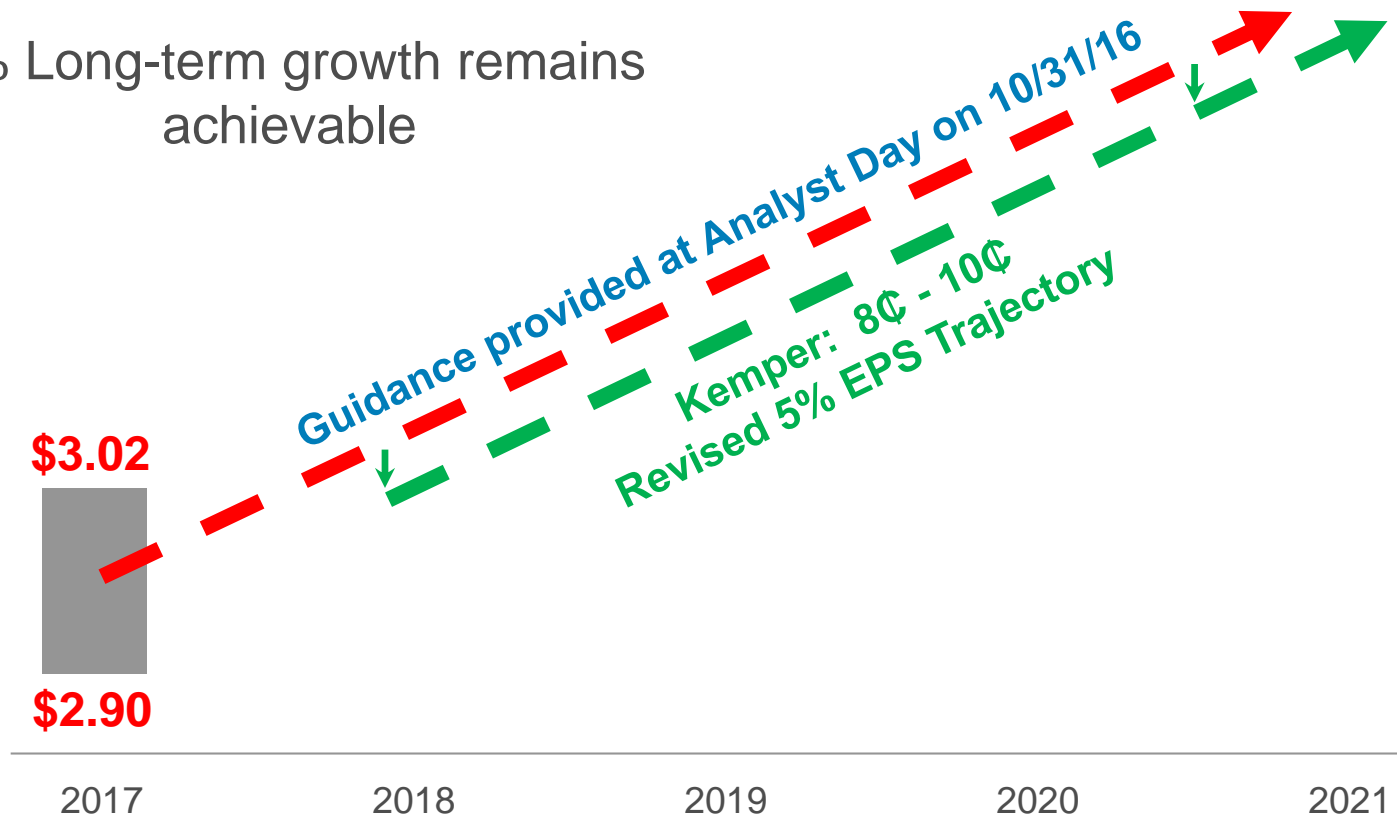
1. Amount and timing of financings is subject to change based upon numerous factors, including market conditions, regulatory approvals, the Southern Company system's capital requirements and available investment opportunities

2. Georgia Power agreed not to draw on the DOE loan before approval of a Vogtle Go/No Go decision. The amount and source of this funding is subject to a cost to complete determination, schedule to complete, DOE approval of additional construction agreements, a further amendment to the loan guarantee agreement, and final Vogtle Go/No Go decision

3. Includes \$400M of Nicor Gas First Mortgage Bonds, of which \$200M will be drawn in August 2017 and \$200M will be drawn in November 2017

# Long-term EPS growth trajectory

5% Long-term growth remains achievable



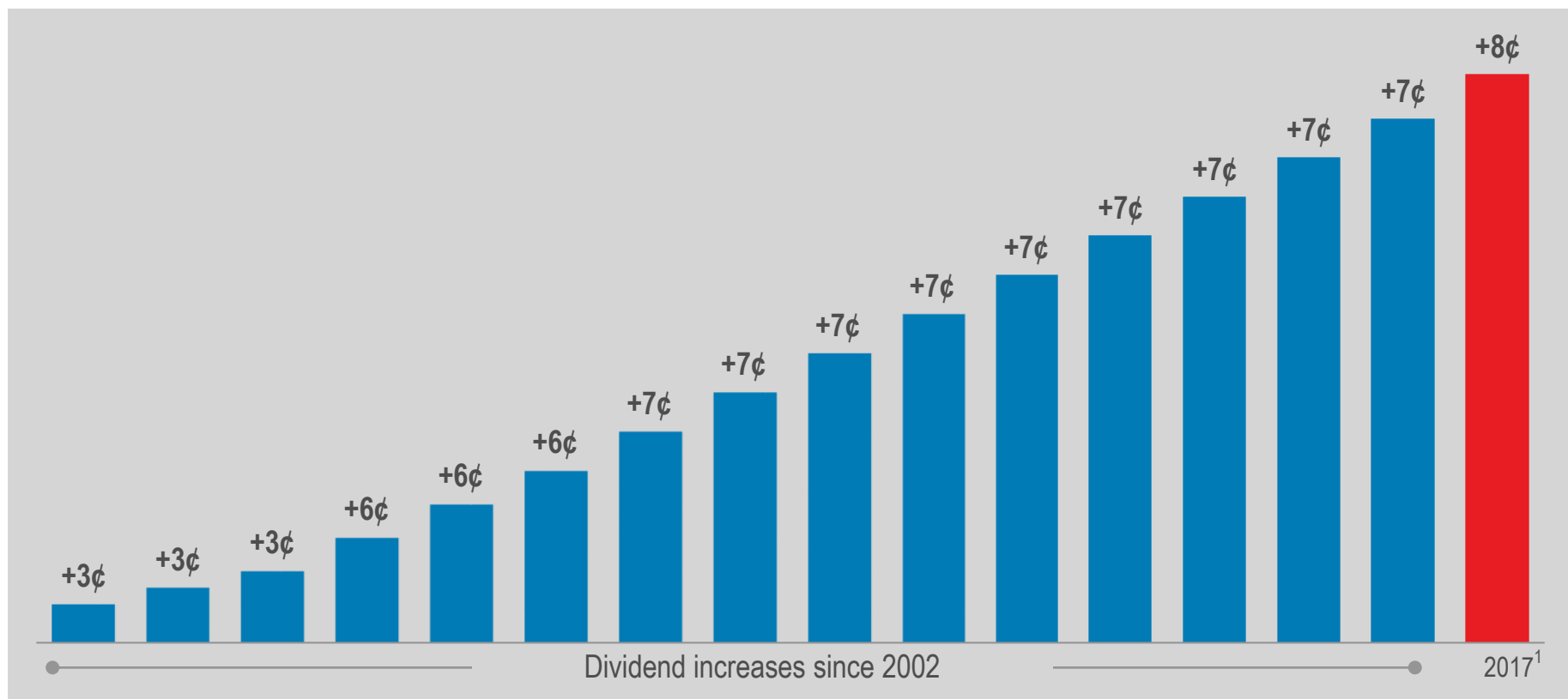
Excludes projected merger-related expenses and earnings from Wholesale Gas Services, any additional estimated losses associated with the Kemper County energy facility.

Long-term guidance will be formally updated after a "go" or "no go" decision for Vogtle.



# Dividend Growth

We believe the current dividend growth trajectory is sustainable<sup>1</sup>



**Our objective remains: Regular, predictable and sustainable dividend growth**

1. Future dividend actions are the purview of the Board of Directors and depend upon future earnings, capital requirements and financial condition



# Appendix

# 2017 Q2 Earnings Results Reconciliation

| (millions)  | Q2               |               |
|---|------------------|---------------|
|   | 2017             | 2016          |
| <b>Net Income As Reported</b>                           | <b>(\$1,381)</b> | <b>\$623</b>  |
| Estimated Loss on Kemper IGCC                           | 3,012            | 81            |
| Tax Impact  | (896)            | (31)          |
| Acquisition and Integration Costs                       | 9                | 44            |
| Tax Impact  | (4)              | (13)          |
| Wholesale Gas Services                                  | 28               | -             |
| Tax Impact  | (11)             | -             |
| Earnings Guidance Comparability Item:                   |                  |               |
| Equity Return Related to Kemper IGCC Schedule Extension | (24)             | -             |
| Tax Impact  | (5)              | -             |
| <b>Net Income Excluding Items</b>                       | <b>\$728</b>     | <b>\$704</b>  |
| Average Shares Outstanding                              | 998              | 934           |
| <b>Earnings Per Share – Excluding Items</b>             | <b>\$0.73</b>    | <b>\$0.75</b> |

Note: Refer to the footnotes accompanying the financial highlights page of Southern Company's earnings package for the second quarter 2017 for further description of these reconciling items



# Vogtle 3&4

## Construction Update

### Unit 3

#### Progress

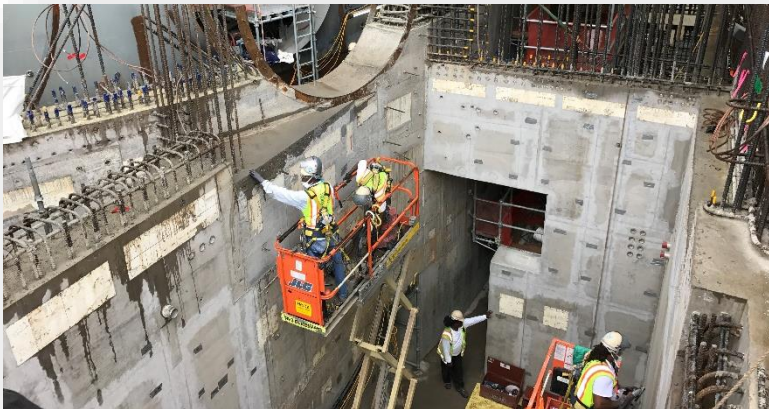
- ✓ Started Auxiliary Bldg Walls to EL. 107'
- ✓ Continued installation of reactor coolant piping
- ✓ Placed concrete in cylindrical wall RC-03 from EL. 100'-107'2" & RC-05 from EL. 100'-117'-6"
- ✓ Completed Annex Slabs at EL. 135' in Area 1 & 2
- ✓ Placed concrete inside Containment Refueling Cavity to EL. 95'
- ✓ Began setting floor modules inside Containment at EL. 105'
- ✓ Completed Turbine Island 1<sup>st</sup> Bay floors to EL. 117'
- ✓ Completed Turbine Building roof slab at EL. 254'

#### Near term

- Auxiliary Pump House Bldg Turnover to SNC
- Start Initial Energization

#### On the horizon

- Set both Steam Generators
- Place concrete slab at EL. 107'2" inside containment



Auxiliary Building Walls to EL. 107' & Shield Building RC-03

### Unit 4

#### Progress

- ✓ Set KB11, KB12, and R104 mechanical modules inside the Auxiliary Building
- ✓ Set effluent hold-up tanks A&B inside the Auxiliary Building
- ✓ Began installation of Annex structural steel to EL. 183'
- ✓ Installation and welding complete on course 03 of Shield Bldg
- ✓ Set and align CB27 & CB28 wall modules inside Containment at EL. 96'
- ✓ Set six Turbine Building feedwater heaters at EL. 170'
- ✓ Installed the Main Steam Feedwater Panel in the Shield Building

#### Near term

- Place concrete inside containment to EL. 96'6" on the west side
- Install Course 04 of the Shield Building

#### On the horizon

- Set modules CA02 and CA03
- Complete Auxiliary Bldg Walls & Floors to EL. 82'6"



Turbine Building Feedwater Heaters

# Vogtle 3&4: Toshiba Obligation Payment Schedule

*in millions*

|           | 2017          |                     | 2018          |                     | 2019          |                     | 2020          |                     | 2021          |                     |
|-----------|---------------|---------------------|---------------|---------------------|---------------|---------------------|---------------|---------------------|---------------|---------------------|
|           | Vogtle Owners | Georgia Power 45.7% | Vogtle Owners | Georgia Power 45.7% | Vogtle Owners | Georgia Power 45.7% | Vogtle Owners | Georgia Power 45.7% | Vogtle Owners | Georgia Power 45.7% |
| January   |               |                     | \$77.5        | \$35.4              | \$51.5        | \$23.5              | \$110.0       | \$50.3              | \$6.0         | \$2.7               |
| February  |               |                     | \$77.5        | \$35.4              | \$51.5        | \$23.5              | \$110.0       | \$50.3              |               |                     |
| March     |               |                     | \$77.5        | \$35.4              | \$110.0       | \$50.3              | \$110.0       | \$50.3              |               |                     |
| April     |               |                     | \$51.5        | \$23.5              | \$110.0       | \$50.3              | \$110.0       | \$50.3              |               |                     |
| May       |               |                     | \$51.5        | \$23.5              | \$110.0       | \$50.3              | \$110.0       | \$50.3              |               |                     |
| June      |               |                     | \$51.5        | \$23.5              | \$110.0       | \$50.3              | \$110.0       | \$50.3              |               |                     |
| July      |               |                     | \$51.5        | \$23.5              | \$110.0       | \$50.3              | \$110.0       | \$50.3              |               |                     |
| August    |               |                     | \$51.5        | \$23.5              | \$110.0       | \$50.3              | \$110.0       | \$50.3              |               |                     |
| September |               |                     | \$51.5        | \$23.5              | \$110.0       | \$50.3              | \$110.0       | \$50.3              |               |                     |
| October   | \$300.0       | \$137.1             | \$51.5        | \$23.5              | \$110.0       | \$50.3              | \$110.0       | \$50.3              |               |                     |
| November  | \$77.5        | \$35.4              | \$51.5        | \$23.5              | \$110.0       | \$50.3              | \$110.0       | \$50.3              |               |                     |
| December  | \$77.5        | \$35.4              | \$51.5        | \$23.5              | \$110.0       | \$50.3              | \$110.0       | \$50.3              |               |                     |



# Southern Company Liquidity and Credit

As of June 30, 2017

**Over \$8.1 billion in combined committed credit facilities and available liquidity of over \$5.5 billion**

| (in millions)                                     | <u>2017</u>  | <u>2018</u>  | <u>2019</u> | <u>2020</u> | <u>2022</u>    | <u>Total</u>   |
|---|--------------|--------------|-------------|-------------|----------------|----------------|
| <b>Consolidated Credit Facilities Expirations</b> | <b>\$156</b> | <b>\$757</b> | <b>\$25</b> | <b>\$30</b> | <b>\$7,200</b> | <b>\$8,168</b> |

| (in millions)                    | <u>Alabama<br/>Power</u> | <u>Georgia<br/>Power</u> | <u>Gulf Power</u> | <u>Mississippi<br/>Power</u> | <u>SEGCO</u> | <u>Southern<br/>Company Gas</u> | <u>Southern<br/>Power</u> | <u>Parent</u>  | <u>Consolidated</u> |
|----------------------------------|--------------------------|--------------------------|-------------------|------------------------------|--------------|---------------------------------|---------------------------|----------------|---------------------|
| Unused Credit Lines              | \$1,335                  | \$1,732                  | \$280             | \$100                        | \$40         | \$1,849                         | \$675                     | \$2,000        | <b>\$8,011</b>      |
| Cash <sup>1</sup>                | 639                      | 91                       | 45                | 140                          | -            | 38                              | 99                        | 45             | 1,433               |
| <b>Total</b>                     | <b>1,974</b>             | <b>1,823</b>             | <b>325</b>        | <b>240</b>                   | <b>40</b>    | <b>1,887</b>                    | <b>774</b>                | <b>2,044</b>   | <b>9,444</b>        |
| Less: Outstanding CP             | -                        | 428                      | 78                | -                            | 20           | 626                             | 398                       | 709            | <b>2,257</b>        |
| Less: PCBs Floaters <sup>2</sup> | 890                      | 550                      | 82                | 40                           | -            | -                               | -                         | -              | <b>1,563</b>        |
| <b>Net Available Liquidity</b>   | <b>\$1,084</b>           | <b>\$845</b>             | <b>\$165</b>      | <b>\$200</b>                 | <b>\$21</b>  | <b>\$1,261</b>                  | <b>\$376</b>              | <b>\$1,335</b> | <b>\$5,624</b>      |

Totals may not sum due to rounding

1. Consolidated cash balance includes amounts from PowerSecure, Southern Nuclear, SouthernLINC and other from non-SEC reporting subsidiaries

2. PCBs Floaters include all variable rate demand note pollution control revenue bonds outstanding

# Long-term Debt Maturity Schedule

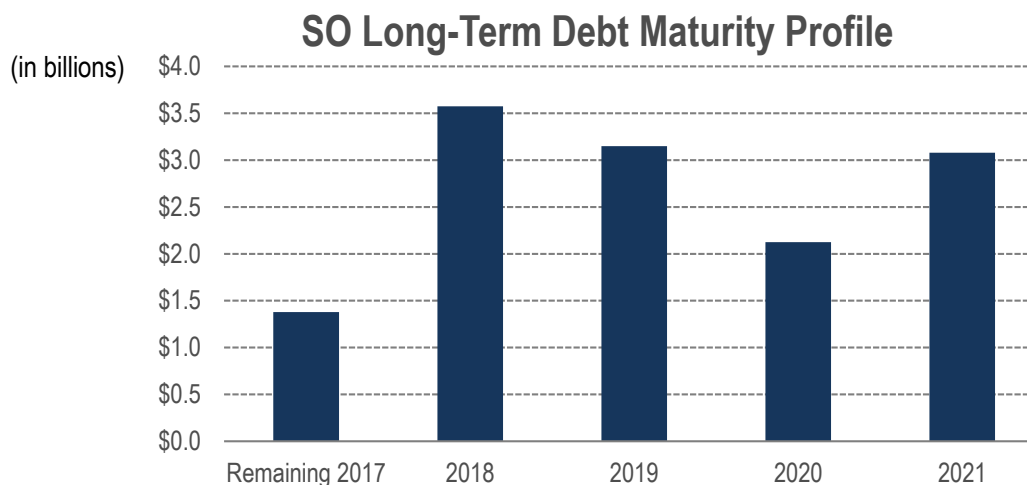
As of June 30, 2017

| (in millions)          | <u>Remaining 2017</u> | <u>2018</u>    | <u>2019</u>    | <u>2020</u>    | <u>2021</u>    | <u>5Y Total</u> |
|------------------------|-----------------------|----------------|----------------|----------------|----------------|-----------------|
| Alabama Power          | \$361                 | -              | \$200          | \$250          | \$310          | \$1,121         |
| Georgia Power          | -                     | 750            | 500            | 494            | 369            | 2,113           |
| Gulf Power             | -                     | -              | -              | 175            | -              | 175             |
| Mississippi Power      | 35                    | 900            | 125            | 7              | 270            | 1,337           |
| Southern Power         | 560                   | 670            | 600            | 300            | 300            | 2,430           |
| GAS Consolidated       | 22                    | 155            | 350            | -              | 330            | 857             |
| Parent                 | 400                   | 1,000          | 1,350          | 900            | 1,500          | 5,150           |
| <b>SO Consolidated</b> | <b>\$1,378</b>        | <b>\$3,575</b> | <b>\$3,150</b> | <b>\$2,125</b> | <b>\$3,079</b> | <b>\$13,307</b> |

*Totals may not sum due to rounding*

Excludes capital leases; SO Consolidated includes SEGCO maturities. Does not include fixed rate pollution control bonds subject to remarketing.

SO Long-Term Debt  
Maturities 2017-2021  
**\$13.3B**



# We target FFO to Debt of >16% over the long term

## Numerator (using 10-K Statements of Cash Flow)

Net cash provided from operating activities

Less: Changes in certain current assets and liabilities

Plus: Retail fuel cost over/under recovery – short-term

Less: Distributions to non-controlling interests

## Denominator (using 10-K Statements of Capitalization, unless noted otherwise)

Notes payable (from Balance Sheets)

Plus: Long-term senior notes and debt

Plus: Other long-term debt

Less: Junior subordinated notes x 50%

Plus: Capitalized lease obligations

Plus: Unamortized debt premium

Plus: Unamortized debt discount

Plus: Long-term debt payable to affiliated trusts x 50%

Plus: Redeemable preferred stock of subsidiaries x 50%

Plus: Non-cumulative preferred stock x 50%

Plus: Preference stock x 50%

Less: Cash and cash equivalents (from Balance Sheets)

## Key drivers for 2018 and beyond

- Financing of all incremental investment in a balanced, credit-supportive manner
- Minimal federal tax payments (utilizing carry forwards)

